

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household's income, the cost of the home being purchased, and whether it is the household's first home purchase.

- **Farmworker Housing (\$200 Million).** These funds would be used to provide loans and grants to the developers of housing for farmworkers. Program funds would be used for both rental and owner-occupied housing.
- **Other Programs (\$385 Million).** Additional funds would be allocated for the construction of homeless shelters, payments to cities and counties based on their approval of housing units, provision of mortgage insurance for high-risk homebuyers, and capital needs of local code enforcement departments.

Most of the program funds probably would be allocated over a three- to five-year period. For many of the programs, the measure limits the length of time available for the funds to be spent. If after a specified length of time—between 18 and 48 months—a program's funds are unspent, they would be reallocated to a different housing program.

The measure provides the Legislature broad authority to make future changes to the programs funded by the measure. The measure also requires the State Auditor to perform periodic audits of the agencies administering the funds and the recipients of the funds.

Impact of Funds. The funds from this measure typically would be used together with other government monies to provide housing assistance. In total, the bond funds would provide annual subsidies for about 25,000 multifamily and 10,000 farmworker households. The funds would also provide down payment assistance to about 60,000 homebuyers and help provide space for 30,000 homeless shelter beds.

FISCAL EFFECT

Bond Costs. The cost of these bonds would depend on their interest rates and the time period over which they are repaid. Generally, the interest on bonds issued by the state is exempt from both state and federal income taxes—lowering the payment amounts for the state. Historically, the type of bonds proposed by this measure have not received the federal tax exemption—resulting in a higher interest rate for the bonds. If the bonds were sold at an average interest rate of 6.25 percent (the current rate for this type of bond) and repaid over 30 years, the cost would be about \$4.7 billion to pay off both the principal (\$2.1 billion) and interest (\$2.6 billion). The average payment would be about \$157 million per year.

Administrative Costs. Several agencies would experience increased costs to administer the various housing programs funded by this measure. Under existing law, a portion of the programs' allocations from the bond funds—up to about \$100 million—could be used for these administrative costs. The measure also authorizes some recipients to be charged for administrative costs, thus increasing funds available for this purpose.

FIGURE 1**PROPOSITION 46
USES OF BOND FUNDS**

(In Millions)		Amount
Multifamily Housing Programs		
Multifamily Housing	Low-interest loans for affordable housing developments. Units reserved for low-income renters in most cases for 55 years.	\$800.0
Supportive Housing	Low-interest loans for housing projects which also provide health and social services to low-income renters.	195.0
Preservation ^a	Funds to maintain affordability of units in projects where prior agreements are expiring.	50.0
Housing Trust Funds ^a	Grants to local governments and nonprofit organizations to fund local housing programs.	25.0
Health and Social Services	Low-interest loans for the construction of space for health and social services connected to affordable housing projects.	20.0
Student Housing	Low-interest loans for housing near state universities. Units reserved for low-income students.	15.0
Disabled Modifications	Grants for modifications to rental housing to accommodate low-income renters with disabilities.	5.0
		\$1,110.0
Homeownership Programs		
Homebuyer's Down Payment Assistance	Deferred low-interest loans up to 3 percent of home purchase price for first-time low- and moderate-income homebuyers.	\$117.5
CalHome	Variety of homeownership programs for low-income households.	115.0
Building Equity and Growth in Neighborhoods ^a	Grants to local governments to fund homebuyer assistance in high-density developments.	75.0
Nonprofit-Sponsored Counseling	Down payment assistance for first-time, low-income homebuyers participating in specified counseling programs.	12.5
Self-Help Construction Management	Grants to organizations which assist low- and moderate-income households in building their own homes.	10.0
School Facility Fees	Down payment assistance to eligible homebuyers to cover some or all of the fees paid to school districts to fund new school facilities.	50.0
School Personnel	Loans to school personnel for down payment assistance.	25.0
		\$405.0
Farmworker Housing Programs		
Farmworker Housing	Low-interest loans and grants for construction of housing for farmworkers.	\$155.0
Migrant Workers	Low-interest loans and grants for projects which serve migratory workers.	25.0
Health Services	Low-interest loans and grants for farmworker housing which also provides health services.	20.0
		\$200.0
Other Programs		
Emergency Housing Assistance	Grants for the construction of homeless shelters.	\$195.0
Jobs-Housing Improvement ^a	Grants to local governments based on the amount of housing they approve.	100.0
Housing Loan Insurance	Insurance for high-risk housing mortgages.	85.0
Code Enforcement	Grants for capital expenditures for local code enforcement departments.	5.0
		\$385.0
Total		\$2,100.0

^a New program for which details would be established by subsequent legislation.